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Arkansas's MEDICAID WAITING LIST CRISIS AND HOW TO FIX IT

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KEY FINDINGS

DESPITE PAST PROMISES OF HELP, THOUSANDS OF VULNERABLE ARKANSANS REMAIN STUCK ON MEDICAID WAITING LISTS, WAITING FOR HELP.

ARKANSAS'S WAITING LIST MANAGEMENT APPROACH HAS BEEN INEFFICIENT AND INEFFECTIVE.

COMMONSENSE MANAGEMENT PRACTICES CAN REDUCE THE SIZE OF THE WAITING LIST AND HELP ARKANSANS MOST IN NEED.

FIRST COME, FIRST SERVED WAITING LIST MANAGEMENT IS ASSOCIATED WITH A 68 PERCENT LONGER WAITING LIST THAN PRIORITY-BASED MANAGEMENT.

BOTTOM LINE

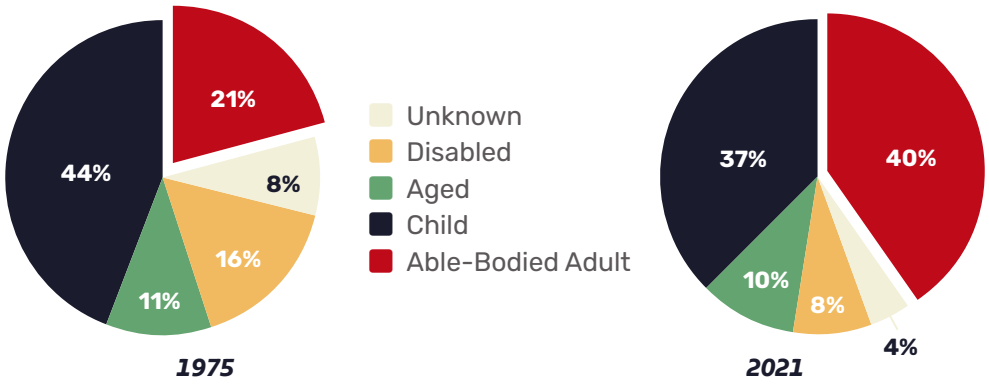
IT'S TIME FOR ARKANSAS TO FINALLY FIX ITS WAITING LIST CRISIS AND PUT THE MOST VULNERABLE FIRST.

OVERVIEW

Medicaid is not what it used to be. A program that was once designed to serve the most vulnerable has now shifted into a catch-all welfare program for able-bodied adults. **Nationwide, able-bodied adults now make up a greater percentage of Medicaid beneficiaries than any other group.**[1]

ABLE-BODIED ADULTS NOW MAKE UP 40 PERCENT OF MEDICAID BENEFICIARIES NATIONWIDE

Medicaid Beneficiaries by Eligibility Group



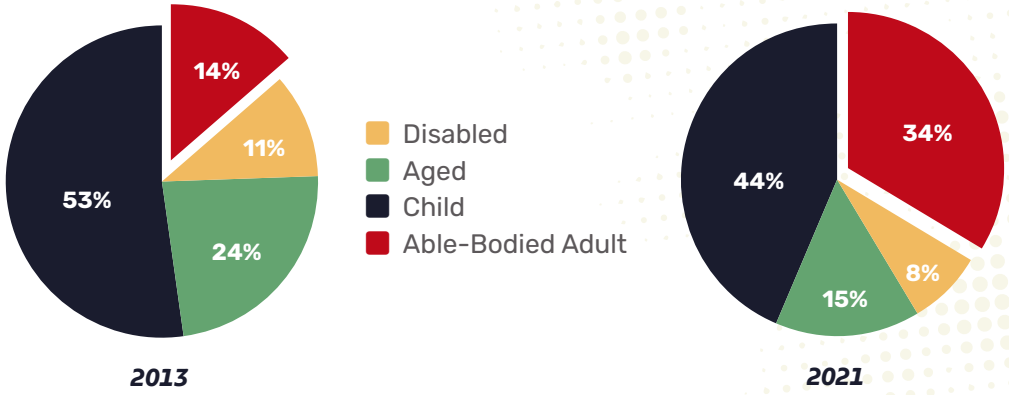
Source: MACPAC

In many states—including Arkansas—this trend began accelerating after Medicaid expansion under Obamacare was adopted in 2014. Expansion allowed an entirely new class of able-bodied, childless adults into the program.

As a result, the proportion of able-bodied adults on Medicaid in Arkansas more than doubled from 14 percent to 34 percent between 2013 and 2021, all while the share of children, elderly, and enrollees with disabilities dropped.[2-3]

THE SHARE OF ABLE-BODIED ADULTS ON ARKANSAS'S MEDICAID PROGRAM HAS MORE THAN DOUBLED SINCE EXPANSION

Arkansas Medicaid Enrollment by Category



Source: MACPAC

And as able-bodied adults have been pushed to the front of the line, more and more resources have been consumed and redirected away from the most vulnerable.

In other words, while the state has been busy serving hundreds of thousands of able-bodied adults in the Obamacare expansion program over the last decade, Arkansans most in need have been left languishing on these waiting lists—in many cases dying before they ever get additional services.[4]

WHO'S ON ARKANSAS'S MEDICAID WAITING LIST?

In Arkansas, part of the truly needy Medicaid population includes individuals seeking Home and Community-Based Services (HCBS), such as:

- Arkansans with developmental and/or intellectual disabilities in need of support to achieve independent living;
- Individuals struggling with a major physical disability;
- Young children with autism;
- Recipients in need of constant nursing supervision;
- And more.[5]

To qualify for waiver services, individuals must meet certain eligibility criteria, including being diagnosed with certain severe medical conditions, meeting income standards, and more.[6] These criteria vary based on the specific type of HCBS population.

Receiving services, which are optional to the state and dependent on available funding, allow families with extremely high-need loved ones to receive services such as in-home care as an alternative to institutionalization. Specific services include environmental modifications (e.g. wheelchair ramps), specialized medical supplies, respite care, supportive living, and more.[7]

These services (particularly in-home care) are often life changing for Arkansans as they provide needed relief and even allow family caregivers to return to the workforce, increasing household incomes and all of the other many benefits that employment brings.[8]

The most notable HCBS program is known as the Community and Employment Support (CES) waiver, which provides services to Arkansans with developmental and/or intellectual disabilities who require assistance with major life activities in order to live independently.[9]

This is the waiver program most commonly associated with the "Medicaid waiting list," as it has continually had a list of Arkansans waiting for care.[10] In reality, being stuck on this list means these families are not getting the support they need, whether it is in-home assistance, a wheelchair ramp, or some other service they need to live a fulfilling life and ease the burdens of their severe conditions.

ARKANSAS FAMILIES WAIT A DECADE ON AVERAGE

In the CES waiting list and Arkansas's other waiver programs, thousands of Arkansans with severe disabilities are stuck waiting for care.[11] In fact, in the CES waiver program alone, the Arkansas Division of Developmental Disabilities indicates **it takes an average of 10 years from the time an individual is placed on the waiting list to the time they actually begin to receive services.**[12]

As a shocking reality, many Arkansans are actually stuck for longer than the 10-year average timeframe.

Indeed, in the mid-2010s while Obamacare expansion to able-bodied adults was being rolled out in Arkansas, **74 Arkansans died while stuck on a Medicaid waiting list, never getting the help they needed.**[13]

While these needy Arkansans waited and waited, state government was spending billions of dollars annually to give able-bodied adults extensive benefits immediately—a sad and morally indefensible misuse of limited resources.[14]

In other words, the state decided—and has continued to decide, on an ongoing basis—that providing services for able-bodied adults is more important than ensuring services are provided for truly needy Arkansans on waiting lists.

Average time it takes to begin receiving services once placed on the waiting list:

10 YEARS

DESPITE PAST PROMISES OF HELP, THOUSANDS OF VULNERABLE ARKANSANS REMAIN STUCK WAITING FOR SERVICES

State policymakers have often given lip service to the notion of finally solving Arkansas's Medicaid waiting list crisis, particularly as the crisis has received more and more attention as the state's Obamacare expansion for able-bodied adults has continued to grow. In fact, these promises have been made repeatedly. But despite these past promises by past administrations, the can has continually been kicked further and further down the road.

In 2019, the Arkansas Legislature passed and then-Governor Asa Hutchinson signed Act 1037 which required the CES waiting list to be eliminated by the summer of 2022 (if the workforce was available).[15]

This move was largely a gesture to appease critics of the Obamacare expansion who had routinely—and rightly—pointed to the waiting list as an indication of poor management and prioritization within the Medicaid program. It was also an unfortunately successful attempt to secure the necessary legislative support for the continuation of the Obamacare expansion, which was previously in question.

But once the air was out of the balloon and the future of Obamacare expansion for *able-bodied adults* was solidified, public attention shifted and truly needy Arkansans on the waiting list were pushed aside yet again. **To this day, Arkansas's Medicaid waiting list has not been eliminated.**

In December 2021, Governor Hutchinson announced a revised timeline to eliminate the waiting list by June 2025, but it is unclear if this goal will be met.[16]

The state has made some limited progress in reducing the overall size of the waiting list, largely through additional funding. For example, the most recently reported waiting list total of 1,720 is less than the roughly 3,000 individuals stuck waiting for care throughout the late 2010s.[17] But at the same time, the state has also failed to meet its own timelines for elimination of the waiting list and Arkansas families continue to languish.

MORE THAN 1,700 TRULY NEEDY ARKANSANS ARE STUCK ON MEDICAID WAITING LISTS.

ARKANSAS'S WAITING LIST MANAGEMENT APPROACH HAS BEEN INEFFICIENT AND INEFFECTIVE

Many states use a "first-come, first-serve" approach to managing their waiting lists.[18] Arkansas is no exception. With this approach, individuals are offered services based on how long they have been waiting and the order they joined the waiting list. While this approach may seem fair upon first glance, it fails to account for variation in the severity of individuals' needs.

For example, an Arkansan with a severe disability who requires constant, round-the-clock care and has been on the waiting list for one year will wait longer than an individual who needs outpatient physical therapy but has been on the waiting list for two years. Need is not adequately considered.

The use of a first come, first served approach has a further negative consequence. According to the Medicaid and CHIP Payment and Access Commission (MACPAC), this waiting list management strategy "can encourage individuals to seek enrollment in anticipation of future needs…families add their children at a young age to waiting lists for services offered to individuals with ID/DD, anticipating the long wait time, assuming that by the time they reach the top of the waiting list, they will have developed the need for services."[19]

In other words, individuals with less severe conditions who marginally meet eligibility criteria are incentivized to enroll in anticipation that they may someday need services, while individuals in desperate need for services who enroll afterwards are pushed to the back of the line.

Arkansas's waiting list management approach is perpetuating the existence and growth of the waiting list because it incentivizes families to jump in line and save their spot, regardless of the severity of their needs.

COMMONSENSE MANAGEMENT PRACTICES CAN REDUCE THE SIZE OF THE WAITING LIST AND HELP ARKANSANS MOST IN NEED

Thankfully, there are some commonsense options at the state's disposal that can reduce the number of truly needy Arkansans stuck waiting for care and help those who are waiting get help sooner.

> *Arkansas can and should switch its waiting list approach from "first-come, first served" to "priority-based management" where individuals on the waiting list are prioritized according to their needs.*

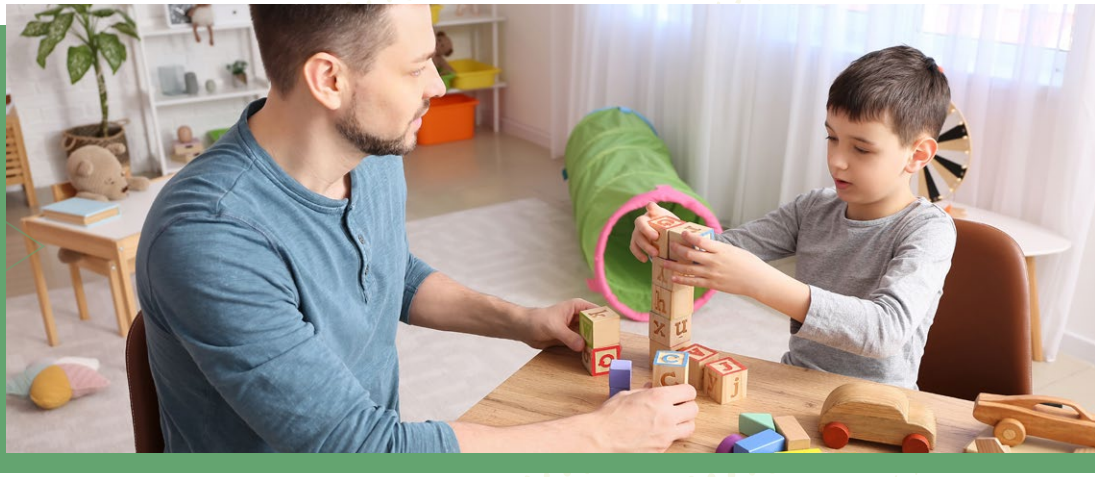
Determination of needs would be made based on the specific needs of individual waiting list enrollees, such as their age, diagnosis, and other relevant factors. This simple, commonsense change could have a major impact on the lives of Arkansas's most vulnerable.

First, Arkansans with the highest needs will be moved to the front of the line immediately, ensuring they receive services as soon as possible.

Second, individuals will no longer be encouraged or incentivized to prematurely join the waiting list to placehold in anticipation of future needs.

And finally, even if an individual receives a diagnosis that could just barely qualify them for waiver services, they may not actually need waiver services as much as someone else—but a first come, first served approach encourages them to apply anyway "just in case" they reach a point where they can't get by, pushing those with greater needs to the back of the line.

Reducing the size of the waiting list will also help more Arkansans enter the workforce: as family caregivers receive help, they will be freed up to seek employment, which will help solve the state's labor shortage, increase household incomes, and lead to happier, healthier families.

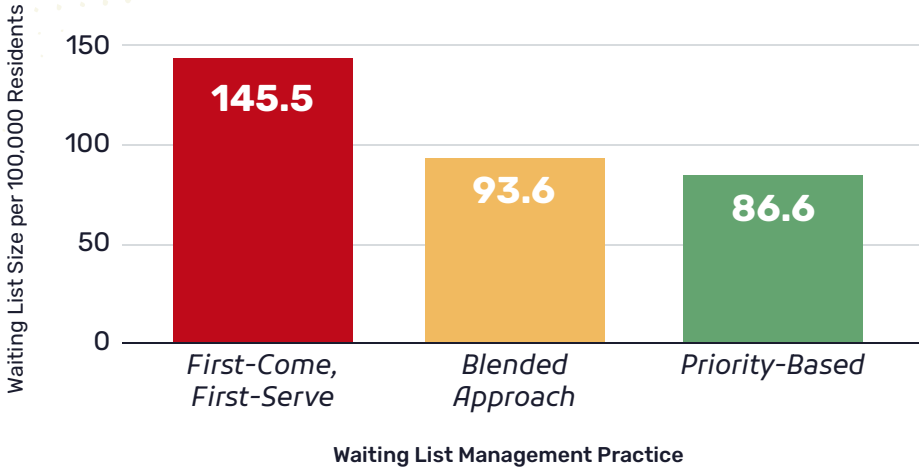


FIRST COME, FIRST-SERVED WAITING LIST MANAGEMENT IS ASSOCIATED WITH A 68 PERCENT LONGER WAITING LIST THAN PRIORITY-BASED MANAGEMENT

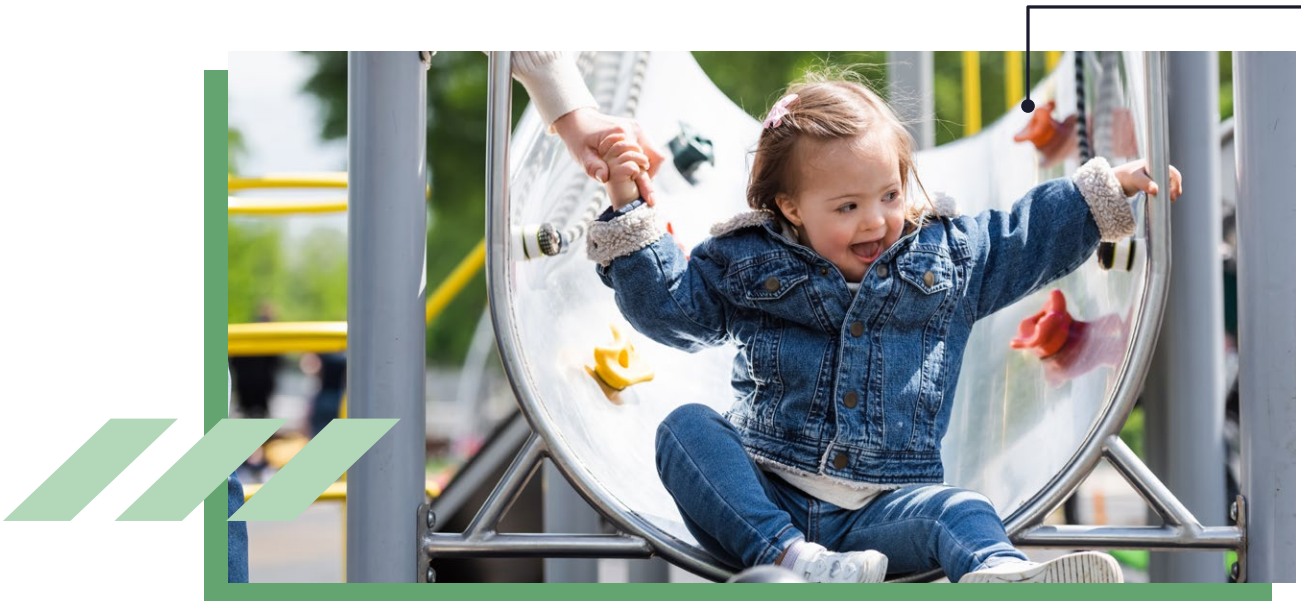
In states that expanded Obamacare and have waiting lists (that screen for eligibility criteria), those that utilize a first come, first served approach to waiting list management have substantially higher waiting list enrollment per capita than the states that use a priority (or blended) approach.

WAITING LIST SIZE IS 68 PERCENT LARGER IN STATES THAT USE FIRST COME, FIRST SERVED VERSUS PRIORITY-BASED MANAGEMENT

Waiting List Enrollment Per 100,000 in Expansion States that Screen for Eligibility



Sources: KFF, MACPAC



In fact, waiting list enrollment per 100,000 residents among neighboring states is 68 percent higher in those that use the first come, first served approach compared to those that use priority based management.[20-21]

Some may be concerned that adopting this approach could add costs to the state. In reality, **there is no evidence to suggest that states with a priority-based approach to managing their Medicaid waiting lists face higher costs.**

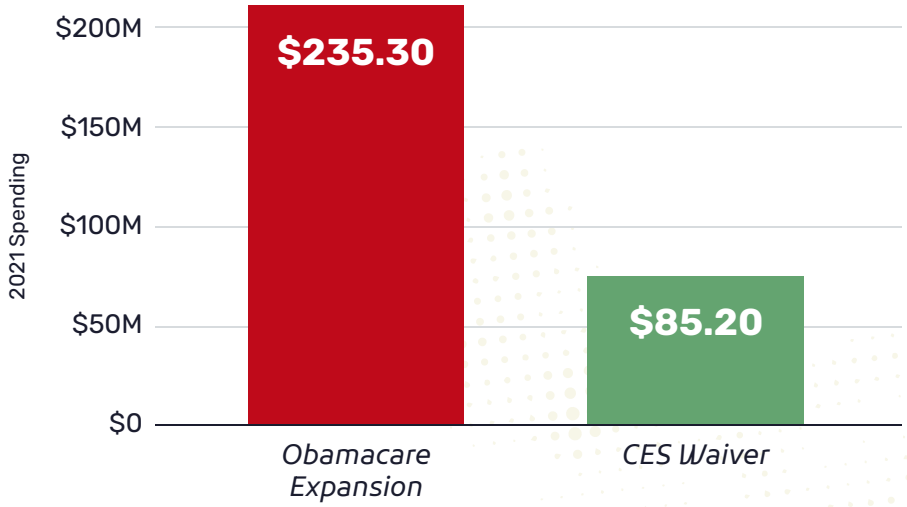
However, even if this were to occur, Arkansas could look to more tools in its toolbox such as copays or premiums on able-bodied adults receiving Medicaid services to help finance any marginally higher costs.

Additionally, ending Arkansas's costly "private-option" approach to Medicaid expansion—which enrolls able-bodied adults on private, qualified health plans instead of less expensive conventional Medicaid—would save nearly $80 million per year, representing savings that could be applied to offset any marginally higher costs, if they were to even occur.[22]

In fact, Arkansas is spending far more on Obamacare expansion than it is on its CES waive. In 2021, Arkansas spent $235 million of state dollars on Medicaid expansion through the private option.[23] At the same time, it spent roughly $85 million on the CES waiver.[24]

ARKANSAS'S STATE-TAXPAYER FUNDED EXPANSION SPENDING DWARFS SPENDING ON THE TRULY NEEDY

Spending in Millions of Dollars



Sources: Centers for Medicare and Medicaid Services, Arkansas Department of Human Services

In short, Arkansas is spending nearly 10 times more on able-bodied expansion adults than the truly needy on the CES waiver.

Increased economic activity and tax revenue from family caregivers who return to the workforce can also help offset any marginal increase in state costs that might occur from this policy change.

Ultimately, any and every dollar spent paying down Arkansas's waiting list is a dollar well spent—and a much better use of taxpayer funding than Obamacare expansion for able-bodied adults. These additional resources, should they be needed, would be going to truly needy Arkansans who Medicaid was designed to serve.

BOTTOM LINE

IT'S TIME FOR ARKANSAS TO FINALLY FIX ITS WAITING LIST CRISIS AND PUT THE MOST VULNERABLE FIRST.

The cost is simply too high to continue to cast aside the most vulnerable Arkansans who have been stuck for years waiting for essential services, all while able-bodied adults are pushed to the front of the line. Reforming Arkansas's waiting list management approach is a commonsense, effective way to prioritize the truly needy and reduce the overall size of the waiting list.

As roughly 230,000 able-bodied adults receive Medicaid coverage today through the state's expansion program, it continues to be a moral outrage that thousands of Arkansans with intellectual and developmental disabilities face years and years of waiting before they receive the care they need and deserve–assuming they ever receive help at all.[25]

Arkansas can and should act to address this crisis by changing its waiting list management approach and finally putting the most vulnerable first.

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